



**OFFICE OF THE PRESIDENT**

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August 25, 2006

The Honorable Mark Sanford  
Governor, State of South Carolina  
Post Office Box 12267  
Columbia, South Carolina 29211

Dear Governor Sanford,

Enclosed is the Fiscal Year 2007-08 budget package for the Medical University of South Carolina. Included with this transmittal letter is the executive summary, detailed justifications for three capital project requests, and the addendum of cost savings and priority assessment. We are not requesting any additional operating funds or FTEs in this package. We are also not submitting any proviso changes.

We appreciate this opportunity to submit this request for our agency and your continued support of Higher Education in South Carolina.

Sincerely,

Raymond S. Greenberg. M.D., Ph.D.  
President

## **FISCAL YEAR 2007-08 BUDGET PLAN**

### **I. EXECUTIVE SUMMARY**

#### **A. Agency Section/Code/Name:**

SECTION 5MA/H51/MEDICAL UNIVERSITY OF SOUTH CAROLINA

SECTION 5MC/H53/CONSORTIUM OF COMM. TEACHING HOSPITALS

#### **B. Statewide Mission:**

The Medical University of South Carolina (MUSC) is a public institution of higher learning the purpose of which is to preserve and optimize human life in South Carolina and beyond. The university provides an environment for learning and discovery through education of health care professionals and biomedical scientists, research in the health sciences and provision of comprehensive health care. The university is committed to fulfilling its responsibilities:

To educate students to become caring, compassionate, ethical, and proficient health care professionals and creative biomedical scientists;

To recruit and develop dedicated, scholarly teachers who inspire their students to life-long learning in the service of human health;

To offer educational opportunities to graduates, faculty and staff, to other biomedical scientists and practicing health professionals, and to the public;

To seek and welcome students, scholars, and staff regardless of gender, race, age, nationality, religion or disability, recognizing the benefits of diversity;

To conduct research in the health sciences, advancing knowledge and encouraging new responses to health care needs;

To provide excellence in patient care, in an environment that is respectful of others, adaptive to change, accountable for outcomes, and attentive to the needs of underserved populations;

To advance economic development by introducing new technology and fostering research links with industry and other academic institutions;

To optimize the use of all resources, including the financial support from the state and revenues generated from research, clinical operations, and philanthropy;

To provide leadership to the state in efforts to promote health and prevent disease;

To serve as a state resource in health policy, education, and related matters for other institutions and the general public.

C. Summary Description of Strategic or Long-Term Goals:

The five-year Strategic Plan of 2003, a by-product of almost two years of intense direct participatory activity at all levels by more than 100 faculty/staff/friends/affiliates of MUSC, comprehensively updates the 1997 University's Strategic Plan. A Strategic Planning Executive Committee was appointed by the University President in July 2001 and subsequently identified four focus areas to facilitate best use of anticipated finite future resources in meeting the most pressing MUSC mission-related needs while also capitalizing on the existing and potential unique strengths of the MUSC staff and facilities. In October, working groups for each area were appointed and charged with developing strategic plan recommendations. The Executive Committee developed new University Statements of Value and Vision, as well as, reconfirmed the current Mission statement and took into consideration ramifications of a major emerging Clinical Facilities Plan. These four groups worked for eighteen months and developed the specific goals outlined below.

Healthy Aging Work Group:

Charged with establishing a plan that addresses MUSC's role in promoting the health, increasing longevity, and improving the quality of life of senior South Carolinians the group adopted the following goals:

Establish a nationally prominent research program in aging with emphasis on translational research.

Develop a comprehensive and coordinated system of health care delivery for older individuals.

Provide health promotion, education, and outreach in aging for students, health providers and the public.

Healthy Youth and Development Work Group:

Charged with determining and outlining MUSC's role in improving the health of South Carolina's youth, and advancing knowledge and understanding of human developmental biology, the group adopted the following goals:

Identify and modify fetal and neonatal antecedents of disease or developmental disabilities which have particular impact on state residents.

Increase health, vitality, and quality of life for children and adolescents in the state by increasing positive behaviors and decreasing at-risk behaviors.

Provide specialized and/or multidisciplinary medical services to children during gestation and development that are not elsewhere available in state, and which are necessary to optimize the health of at-risk children.

Health Disparities Work Group:

Charged with understanding the causes and developing a plan addressing the conditions which give rise to health disparities the group adopted the following goals:

Promote community/campus partnerships in the public and private sector to reduce health disparities through health care, education, and research.

Reduce disparities by promoting and delivering accessible, high quality, cost effective health care.

Educate the MUSC community, other health professionals, and the general public on approaches to reducing health disparities.

Foster research on reducing well-documented health disparities in SC.

Resources and Environment Work Group:

Charged with reviewing aspects of the university's internal and external environment and developing a plan which provides a more effective, cooperative and innovative approach for fulfilling the MUSC missions, the group adopted the following goals:

Publish detailed and specific missions/vision, values, and objectives statements by 2003 that can be used to direct further planning and investment.

Over the first 12 months, conduct comprehensive assessment of current resources as prelude to budgeting and new resource allocation linked to objectives and performance measures central to the University mission.

Develop mechanism to identify potential business-industry relationships that further the mission of MUSC and allow timely application of emerging scientific discoveries in the marketplace.

Develop mechanism to identify potential business-industry relationships that further the mission of MUSC and allow timely application of emerging scientific discoveries in the marketplace.

Clarify facilities related organization structure and processes necessary to deliver support services to all University components in a manner consistent with the Strategic Plan Vision, Values, and Objectives statement, and to identify opportunities for improvement therein.

D. Support operating budget priorities submitted by CHE on behalf of Higher Education Institutions.

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): Activity Number & Name:										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): Activity Number & Name:										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): Activity Number & Name:										
TOTAL OF ALL PRIORITIES		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State \$  
Federal\$  
Other \$

F. Efficiency Measures:

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.: 1	<u>Project Name:</u> College of Dental Medicine Building Activity Number & Name: College of Dental Medicine	Project No*: 9732	\$30,000,000	\$13,300,000	\$7,700,000	\$51,000,000
Priority No.: 2	<u>Project Name:</u> Deferred Maintenance Activity Number & Name:	Project No*:	\$16,085,000	0	0	\$16,085,000
Priority No.: 3	<u>Project Name:</u> College of Pharmacy Building Activity Number & Name:	Project No*:	\$44,000,000	0	0	\$44,000,000
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$90,085,000	\$13,300,000	\$7,700,000	\$111,085,000

\* If applicable

H. Number of Proviso Changes: There are no proviso changes.

I. Signature/Agency Contacts/Telephone Numbers:

\_\_\_\_\_  
Agency Head

Agency Contacts:

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### III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. Agency Section/Code/Name: H51 / Medical University of South Carolina

B. Priority No. 1 of 3

C. Strategic Goal/Action Plan (*if applicable*): Not applicable

D. Project Name and Number (*if applicable*): College of Dental Medicine Building – Project #9732

E. Agency Activity: Dental Medicine Clinical Instruction/Research

F. Description of Priority: The Medical University is requesting funds to construct a new building to house clinical and research activities of the College of Dental Medicine, the State's only dental school. This new facility is one of the major recommendations contained in the University's master plan, Vision 2020, the Medical University of South Carolina Campus-Wide Facilities Master Plan, Perkins & Will/Ayers Saint Gross, 1999. Conceptual planning and space programming were completed in a separately commissioned study in early 1999. This Planning Study, College of Dental Medicine, Medical University of South Carolina, HOK Architects, Inc, March 1999, report established a need for 121,600 gross square feet of instructional, clinical and research space to adequately meet the needs of this College. Space standards as well as aspirant peer comparative analysis were used to arrive at this amount of space.

Current plans call for the construction of a new building of 107,000 gross square feet. This new facility will house only the clinical and research activities of the College. The new building will consist of a lobby-reception area, cashier, clinical records, clinical practice and teaching areas, operating suites, central sterilization, supplies/dispensing, maintenance shop, and mechanical/electrical areas. The College will continue to maintain faculty and administrative support offices, student services areas, and general lecture halls in its existing space within the Basic Science Building.

G. Detailed Justification for Funding:

(1) Justification for Funding Priority: (a) The Basic Science Building in which the College of Dental Medicine is housed is over 35 years old. The building's infrastructure is worn out. Deferred maintenance in this facility is a major consideration. Two separate studies by external architects and engineers (Vision 2020 and the Planning Study cited above) concluded that the most economical solution to the space problem of this College is to construct a new clinical and research building. So much has changed in the practice and teaching of dentistry, not to mention a recent emphasis on research, that the present building is not suitable for today's methods and standards for teaching students clinical dentistry. The project received \$6.3 million as part of the 2000-2001 Bond Bill, and the 2006

General Assembly recently allocated \$7 million towards this project. An additional \$30 million is being requested in state funding. The University also has more than \$10 million in private funds pledged.

The University commissioned a study of the Basic Science Building's condition and cost estimates to remedy all major infrastructure deficiencies and deferred maintenance in 1996. That study, Facility Assessment Basic Science Building, HOK Architects, Inc., 1996 concluded the building was in need of a \$29.7 million investment. More recent studies undertaken during the master planning process confirmed major deferred maintenance problems. The decision to construct a new facility to house the College of Dental Medicine rests on the following: even with total renovation, the College of Dental Medicine's current space is insufficient to meet even its current needs; there is no displacement space available to accommodate a renovation in-place; a renovation schedule would be very disruptive and lengthy; research space needs could not be provided; and finally, given current code requirements, the number of operatories would have to be reduced and likely limit and reduce class size.

Vision 2020, in addition to addressing deferred maintenance, also assessed the functionality or suitability of major buildings given their present uses. The Basic Science Building received a score of approximately 50 on a 100-point scale. This attests to the unsuitable nature of the Building for dental education, practice and research. Many factors affect the usefulness of the present facility. These changes include:

- infection control guidelines by OSHA that have dramatically altered how we manage instruments and delivery of dental services
- growth in the residency programs from one program with four residents, to five programs with 26 residents
- changes in our educational models which introduce students to clinical education earlier requiring more clinical space
- loss of space through the years to basic science expansion
- increased emphasis on research that requires clinical as well as laboratory space and equipment
- competition with other 'sister' schools
- accreditation mandates to improve facilities (both from the Southern Association of Colleges and Schools, and the Commission on Dental Accreditation of the American Dental Association)
- esthetic considerations to improve the 'patient friendly' atmosphere in a 35 year old building



- inadequate ‘swing space’ to allow for the renovation of the present facility without lengthy interruptions to the patient care and the education of our students
- innovations in dentistry which require training, equipment and space for the following: increased demand for esthetic services; implants; lasers; air abrasives; digitized radiography; computerization; and laboratory simulators for pre-clinical studies

The University is planning to address the deferred maintenance infrastructure needs of the Basic Science Building. The College of Dental Medicine’s portion of the Building ultimately will be abated of ACMs, the infrastructure replaced, and spaces currently occupied by the College will be refurbished.

A phased renovation of the portion of this building that houses the College was studied by two (2) separate teams of external architects and concluded it is simply not feasible. It becomes more costly to renovate than build new clinical and research activity space, even if there were a sufficient quantity of space. A lease purchase of a new facility was also considered. It also was rejected for several reasons including cost. The only option available to the University is to construct a new clinical and research building suited to the space needs of this College, to teach dental medicine as it is practiced today.

(b) This project is for the construction of a new, “stand alone” College of Dental Medicine Building and does not compare with, expand, or complement any other existing project. (c) This project is considered a high priority for the reasons explained under “a” above. (d) The University initiated a major campaign to raise private funds towards the cost of this project, of which more than \$10 million is pledged towards the construction of a new College of Dental Medicine Building. State funding for this project is crucial. (e) Both the Southern Association of Colleges and Schools, and the Commission on Dental Accreditation of the American Dental Association, have set forth mandates to improve our College of Dental Medicine facilities. The construction of a new College of Dental Medicine Building is the best alternative for reasons stated in “a” above. (f) The College of Dental Medicine Building was included in MUSC’s 2006 Comprehensive Permanent Improvement Plan (CPIP) as Priority Number 1 of 3.

(2)

<b>Total Project Cost Estimates:</b>	<b>Additional State Funds</b>	<b>Previously Authorized State Funds</b>	<b>Total Other Fund Sources</b>	<b>Project Total</b>
Total Project Cost*	\$30,000,000	\$13,300,000	\$7,700,000	\$51,000,000

*\* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

**[NOTE: The total project cost of \$51,000,000 represents an increase from the 2006 CPIP proposed project cost of \$46,000,000. This difference is due to the increase in building mass, construction costs and medical equipment costs.]**

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? NO

If not, will additional state funds be needed in the future? YES

If state funds will not be needed in the future, explain the source(s) that will be used. N/A

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: FY 2008 Will this fiscal year require a partial or full year's operating funds? FULL If a partial year's funds are required, what portion of the year does it cover? N/A

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs		8			8
(b) Total Personnel Costs		\$710,000*			\$710,000*
(c) Furniture/Equipment		\$ 0			\$ 0
(d) Other Operating Costs		\$490,000**			\$490,000**
<b>Total</b>	<b>\$ 0</b>	<b>\$1,200,000***</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$1,200,000***</b>

\* Includes estimated maintenance costs.

\*\* Includes utility costs.

\*\*\* Funding source will be a portion of MRR calculation.

I. Justification for First Full Year Additional Future Annual Operating Costs (*If Section H above represents a full year's operating funds, do not complete this section.*)

(1) Will additional annual operating costs be absorbed into your existing budget? N/A

If not, will additional state funds be needed in the future? N/A

If state funds will not be needed in the future, explain the source(s) that will be used. N/A

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: N/A

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					
(b) Total Personnel Costs					
(c) Furniture/Equipment					
(d) Other Operating Costs					
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

### III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. Agency Section/Code/Name: H51 / Medical University of South Carolina

B. Priority No.   2   of   3  

C. Strategic Goal/Action Plan (*if applicable*): Not applicable

D. Project Name and Number (*if applicable*): Deferred Maintenance 2007-2008

E. Agency Activity: Deferred Maintenance

F. Description of Priority: The following proposed campus-wide projects (totaling \$16,085,000) will be addressed:

- (1) 5 Doughty Exterior Repairs and Painting \$ 150,000  
This project will address the most immediate exterior repairs needed to keep this 1845 building from further deterioration.  
The work includes wood repair and painting.
- (2) 3 Doughty Exterior Repairs and Painting \$ 80,000  
This project will address the most immediate exterior repairs needed to keep this 1915 building from further deterioration.  
The work includes wood repair and painting.
- (3) Walton Research Building Roof Replacement \$ 265,000  
The roof is leaking and needs to be replaced. This 1960 vintage hot tar built-up roof is 26 years beyond its expected useful life of 20 years.
- (4) Quad F Cooling Tower #2 Replacement \$ 190,000  
Installed in 1985, this cooling tower is 6 years beyond its expected useful life of 15 years.
- (5) CSB Air Handler #1 Replacement \$ 642,000  
This 1972 vintage air handler is 14 years beyond its expected service life of 20 years, and can no longer provide adequate temperature and humidity control.

- (6) CSB Air Handler #2 Replacement \$ 642,000  
This 1972 vintage air handler is 14 years beyond its expected service life of 20 years, and can no longer provide adequate temperature and humidity control.
- (7) CSB Air Handler #3 Replacement \$ 642,000  
This 1972 vintage air handler is 14 years beyond its expected service life of 20 years, and can no longer provide adequate temperature and humidity control.
- (8) CSB Air Handler #4 Replacement \$ 642,000  
This 1972 vintage air handler is 14 years beyond its expected service life of 20 years, and can no longer provide adequate temperature and humidity control.
- (9) CSB Trane Air Handler 1<sup>st</sup> Floor Replacement \$ 642,000  
This 1972 vintage air handler is 14 years beyond its expected service life of 20 years, and can no longer provide adequate temperature and humidity control.
- (10) CSB Chiller #1 Replacement \$ 642,000  
This 1972 vintage chiller is 14 years beyond its expected service life of 20 years.
- (11) CSB Chiller #2 Replacement \$ 642,000  
This 1972 vintage chiller is 14 years beyond its expected service life of 20 years.
- (12) CSB Air Handler 1<sup>st</sup> Floor Replacement \$ 645,000  
This 1976 vintage air handler is 10 years beyond its expected service life of 20 years, and can no longer provide adequate temperature and humidity control.
- (13) CSB Air Handler #7 Replacement \$ 645,000  
This 1976 vintage air handler is 10 years beyond its expected service life of 20 years, and can no longer provide adequate temperature and humidity control.
- (14) CSB Hot Water Reheat for Floors 6 and 7 \$ 250,000  
This project will provide better temperature and humidity control and will result in improved energy savings.
- (15) CSB Hot Water Reheat for Floors 8 and 9 \$ 500,000  
This project will provide better temperature and humidity control and will result in improved energy savings.

- (16) Psychiatric Institute Hot Water Reheat for several rooms \$ 150,000  
This project will provide better temperature and humidity control.
- (17) BSB Hot Water Riser Replacement \$ 1,500,000  
This 36 year old hot water piping has deteriorated and needs to be replaced.
- (18) BSB Roof Drain Replacement \$ 2,000,000  
These 36 year old drain lines are deteriorated and need to be replaced.
- (19) Purchase Three (3) Generators, ATS & Controls for Hazardous Weather \$ 320,000  
These generators will provide emergency power for various locations on-campus, as needed during storm recovery. They will also temporarily support facilities while their generators are being relocated above the flood plain.
- (20) CHP Building Relocation of Generator Fuel Pump, Extend Tank Vent & Seal Caps \$ 30,000  
This project will relocate the generator fuel pump, and extend the tank vent above the flood plain. The fill caps which will remain below flood level will be sealed.
- (21) Thurmond/Gazes Replacement of Three (3) Generator Fuel Pumps, Extend Tank Vents & Seal Caps \$ 156,000  
This project will relocate the generator fuel pumps, and extend the tank vents above the flood plain. The fill caps which will remain below flood level will be sealed.
- (22) CSB Building Replacement of Generator Fuel Pump, Extend Tank Vent & Seal Caps \$ 240,000  
This project will relocate the generator fuel pump, and extend the tank vent above the flood plain. The fill caps which will remain below flood level will be sealed.
- (23) Pubic Safety Building Flood Proofing or Communications Relocation \$ 180,000  
This project is necessary to protect campus security communications during hazardous weather flood conditions.
- (24) Campus Elevator Upgrades Phase III \$ 3,490,000  
The project will address upgrades or replacement of 23 elevators on campus as follows:  
\* College of Health Professions Bldg. C elevators #42 & #43:  
1975 vintage, obsolete, unreliable, one has been shut down permanently to provide parts to keep the other running.

- \* Rutledge Tower Annex (Central Supply) elevator #109:  
1979 vintage, obsolete, hydraulic freight door does not operate properly and is a safety issue.
- \* Education Center/Library elevators #19 & #20:  
1976 vintage, unreliable, high use elevators, card reader needed for security.
- \* Storm Eye Institute elevators #31 & #32:  
1984 vintage, proprietary elevators, parts and service difficult to get, water damage, high use, serves patients and researchers, unreliable.
- \* Storm Eye Institute elevator #114:  
1984 vintage, proprietary, parts and service difficult to get, high use, serves doctors and staff, unreliable.
- \* Parking Garage II elevators #56 & #57:  
1988 vintage, relay logic old, high use, unreliable.
- \* Psych Hospital elevators #44 & #45:  
1998 vintage elevators, controllers unreliable and difficult to maintain, doors need replacing, high use, load limit issues with large patients.
- \* Psych Hospital elevators #59a, #59b & #59c:  
1993 vintage, old unreliable relay logic, high use.
- \* Hollings Cancer Center elevator #85:  
1993 vintage, serves animal care, high use, heavy wear and tear.
- \* Thurmond/Gazes elevators #96 & #97:  
1996 vintage, high use, serves research, cumulative damage over the years.
- \* F Building elevator #37:  
1952 vintage, obsolete, unreliable.
- \* Parking Garage I elevators #38 & #39:  
1993 vintage, unsupportable.
- \* Vince Moseley Building elevator #64:  
1965 vintage, old, unreliable.
- \* Harborview Office Tower Parking Garage elevator #80:  
1971 vintage, old, high use.

(25) Baruch Auditorium Front Steps:

\$ 100,000

The entrance steps to this 1941 architecturally significant building have settled and are beginning to break up. This building is in the public eye as it fronts onto the highly-traveled Calhoun Street. This project is needed for safety and public image reasons.

(26) Storm Eye Institute Water Intrusion Repairs

\$ 550,000

This will address water intrusion around the windows in the building. Interior damage is progressive and if left unattended, mold and mildew issues are likely.

(27) Psych Annex Roof:

\$ 150,000

This roof is leaking and needs to be repaired. Interior damage is progressive and if left unattended, mold and mildew issues are likely.

G. Detailed Justification for Funding:

(1) Justification for Funding Priority: (a) The goal of the Medical University is to reduce deferred maintenance to a manageable level which is usually defined as 10% of one's facility replacement value. This will require an annual investment of \$16 million per year over the next 10 years. We address much of our present deferred maintenance on an emergency basis when systems fail. The alternative is to continue to let our deferred maintenance backlog grow until it becomes completely unmanageable. Delays in making this investment will result in the need for increased annual investments over a longer period of time to achieve the same results.

- The purpose of these projects is to address basic facility needs required to provide an acceptable working environment in existing facilities. Executing these projects is essential to avoiding a reduction in our capacity and functionality to address state needs. Alternatives of replacing the facilities through leasing or constructing new would be more expensive and increase the cost of providing service.
- These projects address maintenance needs that are past due. Further delay in addressing these issues will only end up costing the State more money as these deferred maintenance issues are progressive in nature. The State has not provided capital bond funding to address MUSC deferred maintenance needs for several years. Other sources of funding have had to carry 100% of this burden.
- The facilities affected by executing these deferred maintenance projects are expected to continue to serve the University through the service life of the investment. In each case, executing these projects will result in cost avoidance as the deterioration resulting from postponing maintenance is increasingly progressive in nature. The University master plan, Vision 2020, The Medical University of South Carolina Campus-Wide Facilities Master Plan, Perkins & Will/Ayers Saint Gross, 1999 presents results from a review by 25 external architects and engineers of the condition of all major campus buildings during the fall of 1998. Each major building was assessed with respect to: Life Safety Standards; Standard Building Codes;



Life Safety Systems; Design Standards; Accessibility Standards; Elevator Systems; Exterior Wall Systems; Roof Systems; Foundations; Interior Ceilings, Doors, Walls and Floors; Window Systems; Fire Protection Systems; and Mechanical and Electrical Systems. These assessments documented the investment needed to bring the University (excluding the Hospitals) to a like new condition at \$107 million.

- To achieve a recognized acceptable standard facilities condition index of 10% over a 10-year period, the University (exclusive of the Hospitals), would need to invest approximately \$16 million annually. This approach was proposed in the University's master plan, Vision 2020.
- The Medical University is the State's most unique and non-duplicative higher education institution. Many of our programs are the only such programs offered in the State. The elimination or curtailment of these programs would be extremely negative to the health care needs of the State's citizens. Additionally, most of our programs are producing health care professionals for which shortages currently exist in the State. These include, among others: medical doctors, dentists, pharmacists, nurses, physical therapists, physician assistants, nurse mid-wives, nurse anesthetists, and speech audiologists.

(b) Because the scope of this project is campus-wide, it has the potential to complement existing projects involving any of the buildings listed above. (c) This project is considered a high priority for the reasons explained under "a" above. (d) This request is a priority for full funding of the project. (e) There are no federal, state, court orders or accrediting body mandates or standards that will need to be met by the project. (f) At present, we address much of our deferred maintenance on an emergency basis because the funds simply are not available. The intent of this project is a proactive approach to bring our deferred maintenance situation to a manageable level, thus improving system reliability and reducing emergency replacement costs. (g) Deferred Maintenance 2007-2008 was included in MUSC's 2006 Comprehensive Permanent Improvement Plan (CPIP) as Priority Number 2 of 3.

(2)

<b>Total Project Cost Estimates:</b>	<b>Additional State Funds</b>	<b>Previously Authorized State Funds</b>	<b>Total Other Fund Sources</b>	<b>Project Total</b>
Total Project Cost*	\$16,085,000	\$0	\$0	\$16,085,000

*\*If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. Justification for First Year Additional Future Annual Operating Costs: ***There will be no additional annual operating costs associated with this project.***

(1) Will additional annual operating costs be absorbed into your existing budget? NO

If not, will additional state funds be needed in the future? N/A

If state funds will not be needed in the future, explain the source(s) that will be used? N/A

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: NO. Will this fiscal year require a partial or full year's operating funds? N/A. If a partial year's funds are required, what portion of the year does it cover? N/A

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					
(b) Total Personnel Costs					
(c) Furniture/Equipment					
(d) Other Operating Costs					
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs (*If Section H above represents a full year's operating funds, do not complete this section.*)

(1) Will additional annual operating costs be absorbed into your existing budget? N/A

If not, will additional state funds be needed in the future? N/A

If state funds will not be needed in the future, explain the source(s) that will be used. N/A

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: N/A

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					
(b) Total Personnel Costs					
(c) Furniture/Equipment					
(d) Other Operating Costs					
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

### III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. Agency Section/Code/Name: H51 / Medical University of South Carolina
- B. Priority No. 3 of 3
- C. Strategic Goal/Action Plan (*if applicable*): Not applicable
- D. Project Name and Number (*if applicable*): College of Pharmacy Building
- E. Agency Activity: Pharmacy Instruction, Research, and Clinical
- F. Description of Priority: This project calls for the construction of a new building to house the academic, clinical, and research needs of the College of Pharmacy. The South Carolina College of Pharmacy was formed in 2004 by the merger of the Colleges of Pharmacy at the University of South Carolina and the Medical University of South Carolina, to create a state-wide approach to pharmacy education. Further, this consolidation of the two schools requires an increase in size of some lecture rooms and teaching laboratories.

This project would result in 75,000 of gross square feet of space to house the College of Pharmacy's academic and clinical needs, and require an estimated additional 50,000 gross square feet to serve their research needs. A feasibility study is currently underway examining growth, the curriculum, and facility space requirements. A new building for the College will be comprised of a lobby-reception area, lecture halls and classrooms, teaching laboratories, clinical practice and teaching areas, administrative/faculty offices and support, building support, as well as much needed student life areas, and possibly research labs.

#### G. Detailed Justification for Funding:

- (1) Justification for Funding Priority: **(a)** The College of Pharmacy is located in portions of Quadrangle Buildings E and F. The former was constructed in 1939 and the latter in 1952. The present physical condition of these buildings is a major weakness. The condition assessment of Buildings E and F conducted during the master planning initiative, Vision 2020, the Medical University of South Carolina Campus-Wide Facilities Master Plan, Perkins & Will/Ayers Saint Gross, 1999, identified these buildings as having a combined total deferred maintenance need of \$5 million. Since then, that deferred maintenance need has increased. The functionality of this same space rated about a 40 on a 100-point scale. The College has never been the recipient of State capital bond funds to address its long-standing space needs. The space it currently uses was reallocated to the College after it was no longer needed by the medical school over 35 years ago. The space was not in good condition then; it is unacceptable today.

The College's 1991, 1999, and 2001 Accreditation Reports of the American Council of Pharmaceutical Education cited the quality and quantity of space as critical problems for the College. This problem was also documented by the Southern Association of Colleges and Schools in its most recent institutional accreditation Report.

A 15-year history of space planning for the needs of this College exists. In a 1992 Master Planning Report, the College's space needs were quantified using national space standards, peer pharmacy school space data, and the draft CHE Space Planning Guidelines for Public Colleges and Universities. The Medical University commissioned a major study of the College of Pharmacy space needs and options for resolution of those needs in 1997. This culminated in a report MUSC, College of Pharmacy, Buildings E and F Feasibility Study, LS3P Associates, 1997. This study again examined the quantity and type of space needed for the functional activities of this College. In arriving at the quantified space needs, this study used national space guidelines, peer pharmacy school data, and the CHE Space Planning Guidelines for Public Colleges and Universities.

During the University's most recent master planning initiative, the space program for this facility was reviewed by Perkins & Will, one of the nation's top five architectural firms. The program was deemed sound. Perkins & Will also reviewed the space program against the CHE Space Planning Guidelines for Public Colleges and Universities. Additional documentation as to the space need and condition of existing spaces is also contained in Vision 2020.

Our most recent feasibility study, being performed by Ayers Saint Gross slated for completion this year, will show that new construction is the preferred alternative for addressing the College of Pharmacy's academic, clinical, and research needs. This study confirms the need for 75,000 of gross square footage of academic and clinical space, and an addition of 50,000 of gross square footage for research space.

**(b)** This project does not compare with, expand, or complement any other existing project. **(c)** This project is considered a high priority for the reasons explained under "a" above. **(d)** This project is a priority for full funding of the project. **(e)** The College's 1991, 1999, and 2001 Accreditation Reports of the American Council of Pharmaceutical Education cited the quality and quantity of space as critical problems for the College. This problem was also documented by the Southern Association of Colleges and Schools in its most recent institutional accreditation Report. **(f)** The University does not have the funds to accomplish this work. The construction of a new, code-compliant College of Pharmacy Building with state-of-the art space, is the best alternative for reasons stated in "a" above. **(g)** The College of Pharmacy Building was included in MUSC's 2006 Comprehensive Permanent Improvement Plan (CPIP) as Priority Number 3 of 3.

(2)

<b>Total Project Cost Estimates:</b>	<b>Additional State Funds</b>	<b>Previously Authorized State Funds</b>	<b>Total Other Fund Sources</b>	<b>Project Total</b>
Total Project Cost*	\$44,000,000	\$0	\$0	\$44,000,000

*\* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

**[NOTE: The total project cost of \$44,000,000 represents an increase from the 2006 CIP proposed project cost of \$33,000,000. This difference is due to preliminary cost estimates derived from the draft feasibility study, performed by Ayers Saint Gross.]**

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? NO

If not, will additional state funds be needed in the future? YES

If state funds will not be needed in the future, explain the source(s) that will be used? N/A

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: FY2008 Will this fiscal year require a partial or full year's operating funds? FULL If a partial year's funds are required, what portion of the year does it cover? N/A

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs		10			10
(b) Total Personnel Costs		\$900,000*			\$900,000*
(c) Furniture/Equipment		\$ 0			\$ 0
(d) Other Operating Costs		\$600,000**			\$600,000**
<b>Total</b>	<b>\$ 0</b>	<b>\$1,500,000***</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$1,500,000***</b>

\* Includes estimated maintenance costs.

\*\* Includes utility costs.

\*\*\* Funding source will be a portion of MRR calculation.

I. Justification for First Full Year Additional Future Annual Operating Costs *(If Section H above represents a full year's operating funds, do not complete this section.)*

(1) Will additional annual operating costs be absorbed into your existing budget? N/A

If not, will additional state funds be needed in the future? N/A

If state funds will not be needed in the future, explain the source(s) that will be used. N/A

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: N/A

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					
(b) Total Personnel Costs					
(c) Furniture/Equipment					
(d) Other Operating Costs					
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### I. 2% COST SAVINGS ASSESSMENT

#### A. Agency Section/Code/Name:

SECTION 5MA/H51/MEDICAL UNIVERSITY OF SOUTH CAROLINA

#### B. Agency Activity Number and Name: N/A

- C. Explanation of Cost Savings Initiative: For FY 06-07, the General Assembly worked to fund increases to higher education with an allocation of both recurring and non recurring funds. However, even with these increases when compared to the recommended funding model produced by CHE, the Mission Resource Requirement, (MRR) we remain critically under funded at only 49% of the formula recommendation.

If the Medical University of South Carolina is required to meet a “cost savings”, or base reduction, of state appropriated funds in FY 07-08, a plan would have to be implemented that would require further reductions and internal reallocations. These plans could ultimately result in a possible reduction in force. The University’s Board of Trustees may consider a number of alternatives if a “cost savings” is implemented. We believe that any further erosion of state support would hamper our ability to be competitive and affect our ability to provide a quality education to the students of South Carolina.

#### D. Estimate of Savings:

<b>FY 2007-08 Cost Savings Estimates:</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>				
(a) Number of FTEs	35.00			35.00
(b) Personal Service	\$1,340,145			\$1,340,145
(c) Employer Contributions	\$377,989			\$377,989
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses				\$ 0
<b>Total</b>	\$1,718,134	\$ 0	\$ 0	\$1,718,134



E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

We believe that any further erosion of state support would hamper our ability to be competitive and affect our ability to provide a quality education to the students of South Carolina.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title	\$1,718,134	0	0	\$1,718,134	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$1,718,134	\$ 0	\$ 0	\$1,718,134	0.00	0.00	0.00	0.00

## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

A. Agency Section/Code/Name:

SECTION 5MA/H51/MEDICAL UNIVERSITY OF SOUTH CAROLINA

B. Agency Activity Number and Name: It is a difficult, if not impossible task to identify the lowest priority activities of the Medical University of South Carolina since each is important to meeting the mission needs of our students. The elimination of 10% of these activities would severely impact our ability to deliver on the expectation of our students. Each activity relates to an important component of our institution and critical to fulfilling the mission of the University.

C. Explanation of Lowest Priority Status:

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
<b>Personnel:</b>						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

F.

[illegible]

## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### I. 2% COST SAVINGS ASSESSMENT

#### A. Agency Section/Code/Name:

SECTION 5MC/H53/CONSORTIUM OF COMM. TEACHING HOSPITALS

#### B. Agency Activity Number and Name: N/A

C. Explanation of Cost Savings Initiative: SC AHEC was established in 1972 to address the health care workforce needs of the state. From FY2002 to FY2005, SC AHEC's general fund appropriations were reduced by \$4,974,433 or 25%. As a result of these reductions, SC AHEC initiated a strategic planning process during which the organization affirmed its commitment to mission essential initiatives. Significant needs continue to exist and projections indicate South Carolina will experience even greater shortages of health care providers in the future in the fields of medicine, dentistry, nursing, pharmacy and the allied health professions. All SC AHEC programs remain mission essential and therefore, there are no low priority activities.

Should a reduction in funding be required, SC AHEC will apply the reduction in the least destructive fashion to the AHEC organization as a whole.

#### D. Estimate of Savings:

<b>FY 2007-08 Cost Savings Estimates:</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses	\$304,997			\$304,997
<b>Total</b>	\$304,997	\$ 0	\$ 0	\$304,997

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

A funding reduction will impact the delivery of services, all of which are designed to increase the quality, quantity and distribution of healthcare professionals in our state.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title:	\$304,997	0	0	\$304,997	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$304,997	\$ 0	\$ 0	\$304,997	0.00	0.00	0.00	0.00

## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

## II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

A. Agency Section/Code/Name:

## SECTION 5MC/H53/CONSORTIUM OF COMM. TEACHING HOSPITALS

B. Agency Activity Number and Name: N/A

C. Explanation of Lowest Priority Status: SC AHEC was established in 1972 to address the health care workforce needs of the state. From FY2002 to FY2005, SC AHEC's general fund appropriations were reduced by \$4,974,433 or 25%. As a result of these reductions, SC AHEC initiated a strategic planning process during which the organization affirmed its commitment to mission essential initiatives. Significant needs continue to exist and projections indicate South Carolina will experience even greater shortages of health care providers in the future in the fields of medicine, dentistry, nursing, pharmacy and the allied health professions. All SC AHEC programs remain mission essential and therefore, there are no low priority activities.

#### D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
<b>Personnel:</b>						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

A funding reduction will impact the delivery of services, all of which are designed to increase the quality, quantity and distribution of healthcare professional in our state.

F.

<b>Summary of Priority Assessment of Activities</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>	<b>FTEs</b>
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00